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February 22, 2019

Honorable Louis A. Scarcella
United States Bankruptcy Court
Alfonse M. D'Amato U.S. Courthouse
290 Federal Plaza
Central Islip, NY 11722

RE: Thomas J. Malone, Jr.
Chapter 13
Case Number: 18-74123
SD&B File Number: 18-074207

Dear Judge Scarcella:

This loss mitigation status letter is submitted on behalf of Specialized Loan Servicing LLC ("SLS"), a secured creditor of the above-referenced Debtor.

Please be advised that SLS gave the Debtor a good faith review for a loan modification, which resulted in a denial. In the loss mitigation status letter filed November 7, 2018 (ECF Doc. No. 27, filed November 7, 2018, the "Letter"). The Letter advised of a Freddie Mac Flex Modification denial due to SLS' inability to reduce the Debtor's monthly principal and interest payment. The Letter also provided a deadline of November 25, 2018 for any appeal of the denial.

The Freddie Mac Flex Modification requires a reduction in the monthly principal & interest payment, exclusive of escrow. As part of the good faith review, the loan term was extended to 480 months. The interest rate remained 4.000% due to the prior permanent 2011 HAMP modification, a copy of which is affixed to SLS' timely Proof of Claim, Claim No. 2. After recapitalization of the arrears, the unpaid principal balance increased from \$250,690.76 to \$360,394.71. After these modification review steps, the monthly principal & interest payment would have increased from \$924.10 to \$1,506.23. Since the monthly principal & interest payment could not be reduced as required, a denial resulted.

In SLS' loss mitigation status letter filed on December 13, 2018 as ECF Doc. No. 28, our firm noted that the appeal deadline had long since passed. Later that day, our firm received an untimely appeal of the denial, a copy of which is attached as part of **Exhibit "A."** The untimely appeal of the denial was forwarded to SLS, and SLS reviewed same in good faith,

ATTORNEYS AT LAW

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notwithstanding the untimeliness. The basis for the appeal was that the Freddie Mac Flex Modification targets payment reduction, not a specific debt-to-income ratio.

On appeal, the denial stood. SLS prepared a detailed appeal denial letter dated January 30, 2019 (the "Appeal Denial"). A copy of the Appeal Denial is attached as part of **Exhibit "A."** The Appeal Denial reiterates the detailed denial figures from the Letter, and provides additional detailed denial figures and information. The Appeal Denial also explains that Freddie Mac's Flex Modification requirements cannot be waived. Information regarding the Freddie Mac Flex Modification is publicly available. *See* http://www.freddiemac.com/singlefamily/service/pdf/flex_modification_factsheet.pdf.

SLS respectfully requests termination of loss mitigation based on the denial and appeal denial.

If you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,

/s/ Katherine Heidbrink

Katherine Heidbrink

Managing Partner
Darren Aronow † ☐

Associates
Hanin Shadood †
Daniel McCarthy †
Barney J. Giannone †
Of Counsel
Dana Aronow †
Brian Flick ☐
Rusty Payton ☐
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December 13, 2018

Re: Mary Malone
Property Address: 30 York St. Malverne, NY 11565
Loan No.: [REDACTED] 3813

To Whom It May Concern,

Please allow this letter to serve as a formal appeal to the denial letter. Our office disagrees with the denial reasons and requests for a proper review to take place. The denial reasons provided are very vague and do not provide sufficient information to determine if the denial reasons are valid.

Relevant Details Regarding the Flex Modification

As per the denial letter, our client was denied approval of a loan modification due to the following: "The application was denied because we are unable to create a sufficient payment reduction without changing the terms of your loan beyond the requirements of the program" and "The application was denied because the loan does not meet the delinquency requirements for this program." The denial letter does not provide what the target payment would be and does not explain why it could not be reached. Additionally, the denial letter fails to provide the income and expenses that were used for the review. This denial is a clear indication that a proper review has not taken place since a properly explained decision has not been provided. Kindly provide us with the numbers/calculations used to determine that the target payment cannot be achieved. Additionally, please provide us with the target payment that was considered as well as the income and expenses used for the review. Lastly, the denial letter fails indicate whether a forbearance or deferment was considered. Without this information, we are unable to validate the denial reason for this modification option.

Relevant Details Regarding Current Income:

The denial letter, does not provide us with the income that was used for the modification review. See below for the accurate income that should have been used for the review:

Thomas' Income \$12,726.91 (w2)

Total: \$12,726.91

Managing Partner
Darren Aronow † € ☐

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Given all of this information, it is our opinion that the modification submission was not reviewed accurately. We respectfully request for our appeal to be considered and for this file be re-reviewed. Please do not hesitate to contact me with any additional questions or concerns regarding this matter.

Sincerely,

Duwain Edwards
Senior Paralegal

Specialized Loan
Servicing

Part of the Computershare Group

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Highlands Ranch, CO 80129
www.sls.net

1/30/2019

Aronow Law P.C.
Duwain Edwards
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Woodbury NY 11797

Specialized Loan
Servicing

January 30, 2019

Aronow Law P.C.
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20 Crossways Park Drive West, Suite 210
Woodbury, NY 11797

RE: Loan Number: [REDACTED] 3813
Mary B. Malone
Thomas J. Malone Jr.
30 York Street
Malverne, NY 11565

Dear Duwain Edwards,

This letter is in response to your correspondence dated December 13, 2018 and received by Specialized Loan Servicing LLC ("SLS") on December 16, 2018 regarding a second independent review for the above referenced mortgage account.

We understand that this mortgage loan account is included in the schedule of debts in a pending Chapter 13 bankruptcy that was filed on June 18, 2018. SLS is obligated under federal bankruptcy law to comply with the requirements of the automatic stay. Accordingly, the information contained in this letter is for informational purposes and is not an attempt to collect a debt or impose personal liability with respect to any portion of the debt.

A secondary review of the loss mitigation evaluation dated October 26, 2018 was conducted on January 7, 2019. The review determined that the application for mortgage assistance was accurately evaluated.

The modification decline was based on the inability to achieve a principal and interest payment reduction. A proposed modification would have to take into consideration all past due arrearages, negative escrow balance, previous deferments, and fees assessed due to the delinquency of the loan. Due to the constraints of the investor's guidelines, SLS was unable to achieve a payment reduction. Please note that a proposed modification payment would increase the current principal and interest. Therefore, after evaluation of your client's loan, we have determined there is an insufficient monthly payment reduction.

On October 26, 2018, we sent a letter notifying your client of the denial for a loan modification. This account was reviewed for our "Flex-Mod" program, which targets payment reduction and is not contingent upon income information.

A second independent review used the below information:

Unpaid principal balance: \$250,690.76
Delinquent amounts: \$109,703.95

The delinquent amounts were capitalized for a new proposed unpaid principal balance of \$360,394.71. The term of the loan was extended to 480 months with a rate of 4%.

The proposed interest-bearing balance for 40 years at a rate of 4% results in a principal-and-interest payment of \$1,506.23. The current principal-and-interest payment is \$924.10. The payment increase disqualified your client from this program.

In the event your client has experienced a change in circumstances, please submit an updated financial information package with all supporting information and documentation evidencing the change in circumstance. A copy of the financial package may be downloaded from our website (www.SLS.net).

Specialized Loan
Servicing

As part of the loss mitigation process, our records reflect that Michelle (Teller ID #11088) has been assigned as your client's Single Point of Contact ("SPOC"). Michelle is available to discuss possible options and any questions your client may have concerning the financial information package or the review process, including appeal.

If you have any questions regarding this information, please contact our Bankruptcy department toll free at 1-855-632-6631, Monday through Friday, 6:00 a.m. until 6:00 p.m. MT. SLS accepts calls from relay services on behalf of hearing impaired borrowers.

Sincerely,



Doug, ID # 14204
Customer Care Support
Specialized Loan Servicing LLC

SPECIALIZED LOAN SERVICING LLC IS REQUIRED BY FEDERAL LAW TO ADVISE YOU THAT THIS COMMUNICATION IS FROM A DEBT COLLECTOR.

BANKRUPTCY NOTICE - IF YOU ARE A CUSTOMER IN BANKRUPTCY OR A CUSTOMER WHO HAS RECEIVED A BANKRUPTCY DISCHARGE OF THIS DEBT: PLEASE BE ADVISED THAT THIS NOTICE IS TO INFORM YOU OF THE STATUS OF THE MORTGAGE SECURED BY THE SUBJECT PROPERTY. THIS NOTICE CONSTITUTES NEITHER A DEMAND FOR PAYMENT NOR A NOTICE OF PERSONAL LIABILITY TO ANY RECIPIENT HEREOF, WHO MIGHT HAVE RECEIVED A DISCHARGE OF SUCH DEBT IN ACCORDANCE WITH APPLICABLE BANKRUPTCY LAWS OR WHO MIGHT BE SUBJECT TO THE AUTOMATIC STAY OF SECTION 362 OF THE UNITED STATES BANKRUPTCY CODE. IF YOU RECEIVED A DISCHARGE OF THE DEBT IN BANKRUPTCY, WE ARE AWARE THAT YOU HAVE NO PERSONAL OBLIGATION TO REPAY THE DEBT. WE RETAIN THE RIGHT TO ENFORCE THE LIEN AGAINST THE COLLATERAL PROPERTY, WHICH HAS NOT BEEN DISCHARGED IN YOUR BANKRUPTCY, IF ALLOWED BY LAW AND/OR CONTRACT. IF YOU HAVE QUESTIONS, PLEASE CONTACT US AT 1-800-306-6057.

SUCCESSORS IN INTEREST - IF YOU ARE IN RECEIPT OF THIS COMMUNICATION PURSUANT TO YOUR STATUS AS A SUCCESSOR IN INTEREST TO THE SUBJECT PROPERTY; THIS NOTICE DOES NOT MAKE YOU LIABLE FOR THE MORTGAGE DEBT. UNLESS YOU ARE PERSONALLY LIABLE FOR OR HAVE ASSUMED THE MORTGAGE LOAN, YOU CANNOT BE REQUIRED TO USE YOUR ASSETS TO PAY THE MORTGAGE DEBT. THE LENDER HAS A SECURITY INTEREST IN THE PROPERTY AND A RIGHT TO FORECLOSE ON THE PROPERTY, WHEN PERMITTED BY LAW AND AUTHORIZED UNDER THE MORTGAGE LOAN CONTRACT.